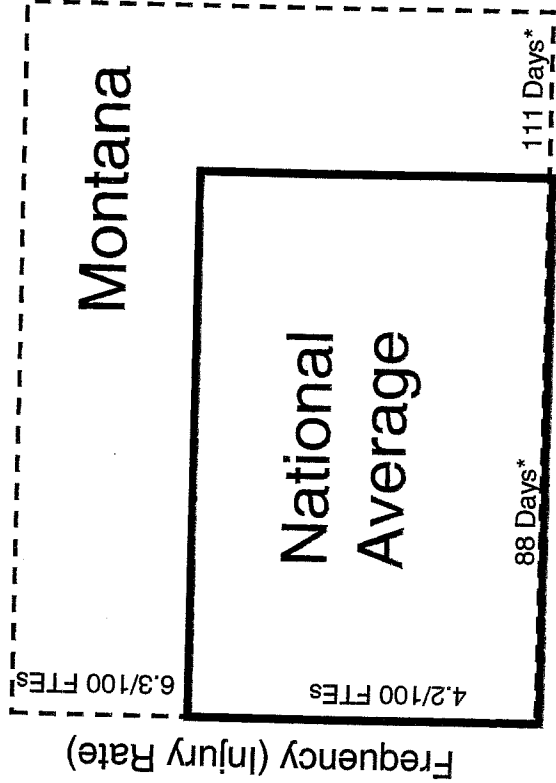


Exhibit No. 2Date 3/27/09Bill No. SJ30

Amendment HB000202.ams
Proposed by the Labor Management Advisory Council
On Workers' Compensation
March 6, 2009

1. Montana has the 2nd highest workers' compensation premium rates in the country.
2. The primary cost driver for our high premium rates is our high frequency of claims or injury rates (50% above national average). We have an average of 6.3 injuries per 100 employees in Montana vs. a national average of 4.2 injuries per 100 employees.
3. The Labor Management Advisory Council (LMAC) has been studying the reasons for our high workers' compensation costs for the past 2 years. The LMAC is made up of 5 representatives of management and 5 representatives of labor and is chaired by Lt. Governor Bohlinger.
4. The Council has recommended that in order to reduce our injury rate, Montana needs a comprehensive statewide safety education program. The LMAC approved creation of the WorkSafeMT Foundation as the vehicle to begin changing the safety culture in Montana.
5. The WorkSafeMT Foundation is a not for profit public/private broad-based cooperative effort to change Montana's safety and transitional employment cultures. The goal is to reduce our injury rates and our duration of time away from work to the national average which translates to a reduction in our workers' compensation premiums.
6. The National Council on Compensation Insurance (NCCI), the workers' compensation rate setting authority for Montana, estimates that if we could reduce our incidence of injuries and our duration of time away from work to the national averages, the state of Montana could save more than \$150 million in workers' compensation costs. Here is a breakdown of the potential savings:
 - 37.5% or **\$145 million per year** *if* we reduce our injury rate to national average
 - 3.3% or **\$12.5 million per year** *if* we reduce days to return to work to national average
7. This amendment will appropriate \$1 million to support the initial development of a state-wide workplace safety education effort. We need to take actions to reduce our injury rates so that we can reduce our workers' compensation premium rates.
8. This funding is a one-time-only appropriation from the working fund balance in the workers' compensation administration fund. It will reduce the working fund balance from approximately \$5.5 million to \$4.5 million. It will not trigger any increase in the future assessments to employers for the workers' compensation administration fund.



Duration (Days Away From Work)

*Using 2008 NCCI State Advisory Forum Report

- We injure more people
- They are off work longer
- We have higher medical costs
- Must collect higher premium per \$100 payroll to cover significantly more people
- Montana has a lower wage base that premium is applied to